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SUBJECT Nadolny's Interpretation of Russian Foreign Policy

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SUPPLEMENT

1. In his position of unofficial advisor to SMA on German matters, Nadolny has many contacts with high-ranking Karlshorst officials, from whom he derives a picture of Russian political attitudes respecting Germany. He believes that two principal factions are struggling for mastery of the inner circle of political leadership one which believes that Russia has reached its maximum political expansion and must therefore adopt a policy of conciliation toward the West, and an opposing group which feels that Russia can still exploit the favorable postwar situation and extend its influence, with the ultimate goal of controlling the entire continent of Europe. The leader of the first faction, according to Nadolny, is Litvinov; his opponent in the activist group is Molotov.
2. The majority of high-ranking Russian officials in Germany advocate, although surreptitiously, a policy of conciliation with the West. Molotov's faction consists mainly of functionaries deeply rooted in Party ideology and is conspicuously lacking in important army personnel. This does not indicate that the conciliation party is military, but rather, in general, that a difference of attitude exists between the political staff in Russia and the field staff which has had the direct experience of Europe and the West through working in Germany. Russian foreign policy is naturally complicated by many other issues, but it is fairly certain that neither faction can regard comfortably the possibility of war with the West. Even the activists dread the threat of war and are only driven by a stronger and overshadowing fear: that compromise with the West may be interpreted as weakness.
3. As far as possible, the Karlshorst administration attempts to influence the Russian government towards an attitude of moderation. Its opportunities are few and negligible, however, for even the highest Russian commanders are only subordinates obeying the orders of Moscow. If the Russian line does shift to the right (that is, towards understanding or temporary agreement with the West), it will not be due to the Karlshorst reports directed to that end but to internal decisions.

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4. The present Russian policy in Germany can be interpreted either as an expression of the "strong hand" activist tendency or as a cautious preparation for compromise with the West. The ambiguous character of Russian foreign policy can be observed in the contradictory lines now being followed:
  - a. The Russians are trying to include the Russian Zone of Germany in an economic and political eastern bloc through close ties with the economic systems of Poland, Czechoslovakia, and the Balkan states. In Karlshorst, numerous studies, plans, and memoranda are constantly being produced on the combination, and each of the eastern countries concerned has also presented to Karlshorst at least one plan dealing with the incorporation of the Russian Zone into eastern Europe.
  - b. On the other hand, Russian plans for unifying Germany have not been dropped, and many conferences have been held on the advantages and disadvantages of unification. Madolny feels that many Russian officials now believe that a unified Germany does not necessarily imply a centralized SED Germany, but they fear losing a large part of the influence they now exercise over German development. They also fear such combined activities as sharing in Ruhr coal direction, which would force them, on practical grounds, to make concessions to the West that they consider politically undesirable.
5. Under these circumstances, nervous tension among Karlshorst officials is well-developed, and even usually robust and incisive persons like Semyonov show signs of restlessness and weariness. The majority of the group, including Marshal Sokolovski, are trying to avoid identification with either faction and are waiting for a decision from above. They feel that this should be imminent because of the approaching London conference, but its direction is still uncertain.
6. In all considerations of Russia's relations with the West, the economic situation (meaning, according to Madolny, its war potential) is the decisive factor. It is far more important than the well publicized and greatly exaggerated fear that the Russian army would be demoralized and corrupted by contact with western civilization, a fear actually of little concern to either the army command or the leaders in Russia. It is for the economic reasons given below that possibility of real war with the West is slight, although Madolny feels that if war did occur, Russia would be a strong adversary and the war a long one.
7. Although few persons are informed in detail on Russia's productive capacity, Madolny received the impression from daily contact with Russian officials that postwar conditions in the USSR fell short, in many respects, of plans and expectations. In contrast to the apparently permanent smooth functioning of postwar economy in the capitalist United States, Russia is in the grip of an economic crisis, with its conversion to peace-time economy unsuccessful -- or at least not successful enough to support activist ambitions.
8. Authentic conversion to peace-time requirements would require in Russia a substantial increase in light industry, an enlargement of the production of much-needed consumer goods, and the refitting of industry and agriculture. Such measures are not contemplated, however, and "reconversion" means only raising production capacity to the highest level possible; re-channeling manpower disturbed by the war, the German occupation, and general disorganization; and increasing agricultural production for the outspoken purpose of piling up huge reserves. The processes of even this "reconversion" are still functioning badly, with manpower distribution problems unsolved and industrial and agricultural production lagging far behind plan figures. Among the many reasons for this situation is the over-evaluation of the equipment, material, and manpower drawn from Germany.
9. The position of Stalin in both political and economic affairs is a vital issue but one which it is difficult to foresee. So far, it is certain that he has intentionally avoided attachment to either the activist or the conciliation tendency, and not even his closest associates know his real opinion. It is, however, probable that he has long since determined the ultimate direction of Russian foreign policy and will declare it when the propitious moment arrives. Karlshorst, for example, was aware that Stalin had personally dispatched Molotov to the Paris Conference on the Marshall Plan, and

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it was generally believed that this marked a decisive point in Russian policy. Great confusion naturally followed Molotov's recall from Paris. Karlshorst also knew that the conduct of the Russian Zone Minister-Presidents at the Munich Conference was Stalin's personal idea.

10. Nadolny believes that a shift to the right (that is, to the West) is to be expected in Russian policy because of the internal situation of the country, particularly its economic potential. He was informed four weeks before the UN assembly in the United States that Molotov would not attend, and he sees indications that he will also not appear at the London Conference in November 1947. Molotov's absence, in Nadolny's opinion, will be a fairly strong proof of Stalin's intention to compromise.

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Comment:

it is reported that Nadolny visited Munich, Stuttgart, and other localities in the American Zone at the beginning of September 1947. He called upon Dr. Fritz Eberhard, State Secretary of Württemberg-Baden and head of the German Foreign Policy Commission in the American Zone, and although their conversation was general, Eberhard believes that Nadolny was sent by the Russians to sound out American Zone politicians.